

SBA Information Notice

TO: All Employees

CONTROL NO.: 5000-1054

SUBJECT: SBAExpress Loans May be Used for
Energy Efficiency and Renewable
Energy Purposes

EFFECTIVE: 4/14/2008

As a result of Section 1201 of the Energy Independence and Security Act of 2007, SBA is clarifying that SBAExpress loan proceeds may be used to finance the purchase of a renewable energy system or to carry out an energy efficient project that involves the installation or upgrading of equipment that results in a significant reduction in the borrower's energy usage (Section 7(a)(31) of the Small Business Act). As with other SBAExpress loans, these loan proceeds must be used for purposes related to the operation of the business.

The term "renewable energy system" means a system of energy derived from a wind, solar, biomass (including biodiesel) or geothermal source or hydrogen derived from biomass or water using an energy source such as wind, solar, biomass (including biodiesel) or geothermal source. Biomass means any organic material that is available on a renewable or recurring basis, including: agricultural crops; trees grown for energy production; wood waste and wood residues; plants (including aquatic plants and grasses); residues; fibers; animal wastes and other waste materials; fats; oils; and, greases (including recycled fats, oils, and greases). Biomass does not include paper that is commonly recycled or unsegregated solid waste.

Questions regarding this Notice may be forwarded to Charles Thomas at charles.thomas@sba.gov or via telephone at (202) 205-6656.

Grady B. Hedgespeth
Director
Office of Financial Assistance

Expires: 4/1/2009